

Preparing for Retirement



RSA December 2007

Tax Information

Q. Are my retirement benefits from the RSA subject to federal income tax?

A. Generally, your retirement benefit is subject to federal income taxation.

However, contributions to the RSA that were previously taxed and/or purchases of service credit with previously taxed funds are exempt from federal taxation over the life expectancy of the retiree.

Q. How will the taxable amount of my retirement benefit be reported to me?

A. During the last week of January 2008, the RSA will mail all retirees a Form 1099-R Income Statement for use in filing a personal income tax return. The 1099-R will report the retirement benefits subject to federal income tax.

Approximately a week prior to mailing the 1099-R, the RSA will send each retiree a letter outlining the tax reporting procedures needed to file their 2007 tax return.

Q. Are RSA retirement benefits subject to state of Alabama income tax?

A. If you reside in Alabama, RSA retirement benefits are **not** subject to state of Alabama income tax. If you reside in another state, check with that state's revenue department to determine your tax status or click on www.1040.com.

Q. How do I increase the federal taxes withheld from my retirement check?

A. You can increase the federal taxes by completing a WITHHOLDING CERTIFICATE FOR PENSION OR ANNUITY PAYMENTS form. You can request this from the RSA by telephoning 334-832-4140 or 800-214-2158 toll-free, writing the RSA at P.O. Box 302150, Montgomery, Alabama 36130-2150 or downloading the form from our Web site at www.rsa.state.al.us.

You can also obtain a FORM W-4P, WITHHOLDING CERTIFICATE FOR PENSION OR ANNUITY PAYMENTS, as well as other tax forms by contacting the IRS at 800-829-3676 or downloading it from the IRS Web site, www.irs.gov.

Q. If I do not receive a Form 1099-R from the RSA by February 11, 2008, how may I obtain one?

A. The RSA will provide a duplicate Form 1099-R, but not until after February 11, 2008.

The original Form 1099-R is mailed to the home address on file with the RSA. If you have moved and have not provided the RSA with your correct address, the U.S. Postal Service may not forward your Form 1099-R.

To correct your mailing address:

- Send the RSA written verification of your new address and include your full name and Social Security number.
- Obtain an Address Change Notification form from the RSA, or download the form from our Web site.
- Change your address online through Member Services on the RSA Web site.

Prepared by the Communications staff of the Retirement Systems of Alabama.
To have your questions answered in "Preparing for Retirement", please address them to:

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